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Colorado Distribution of Federal Mineral Lease Revenue
Stephen Colby, Colorado Department of Local Affairs
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Federal Mineral Lease revenues are collected by the federal Minerals Management Service in the U.S. Department of Interior. These revenues come from the leases of federal lands for mineral production. Roughly 50% of the revenues collected on federal leases in Colorado, are transferred by the U.S. Government to the Colorado State Treasurer. These receipts at the State Treasurer have ranged from \$30 to \$60 million annually.

From the State Treasurer, the distribution of these funds is conducted under state legislative statute C.R.S.34-63. This statute operates on a formula basis to distribute funds to the counties, cities, and school districts through a number of different programs.

The largest share of the funds goes to the State School Fund for distribution to school districts throughout the state under the School Finance Act. Counties, cities and school districts in counties with federal mineral leases receive significant direct payments from the State Treasurer on a quarterly basis. A like share gets to local governments through the Department of Local Affairs grants program. Finally, 10% goes to the Colorado Water Conservation Board for funding of local water supply development.

The formula for these distributions is complex, as the chart attached below demonstrates. It was crafted by the legislature in a cascade format, which provides a first cut share to the parties and then allocates any residuals in a second and third cut. This approach was crafted over the years as the amount of money distributed by the statute varied widely from \$30 to \$60 million. The cascade method was used to hold harmless the existing recipient amounts while allocating the increased totals.

The third table shows the actual calculation of payments for Calendar Year 2003 by county. The percent distributed to school districts and towns is set by statute at a minimum which can be increased by the county commissioners and therefore varies from county-to-county and year-to-year. The payments to school districts are then split among school districts in a county on the basis of reported enrollment. The payments to towns within a county are distributed proportional to population within towns. Specific local government payments are listed on the State Treasurer web site at:

http://www.treasurer.state.co.us/transfers/fed_funds.html

For further information contact

Stephen Colby
Colorado Department of Local Affairs
1313 Sherman St. Rm 521
Denver, CO 80203
303-866-4820
steve.colby@state.co.us

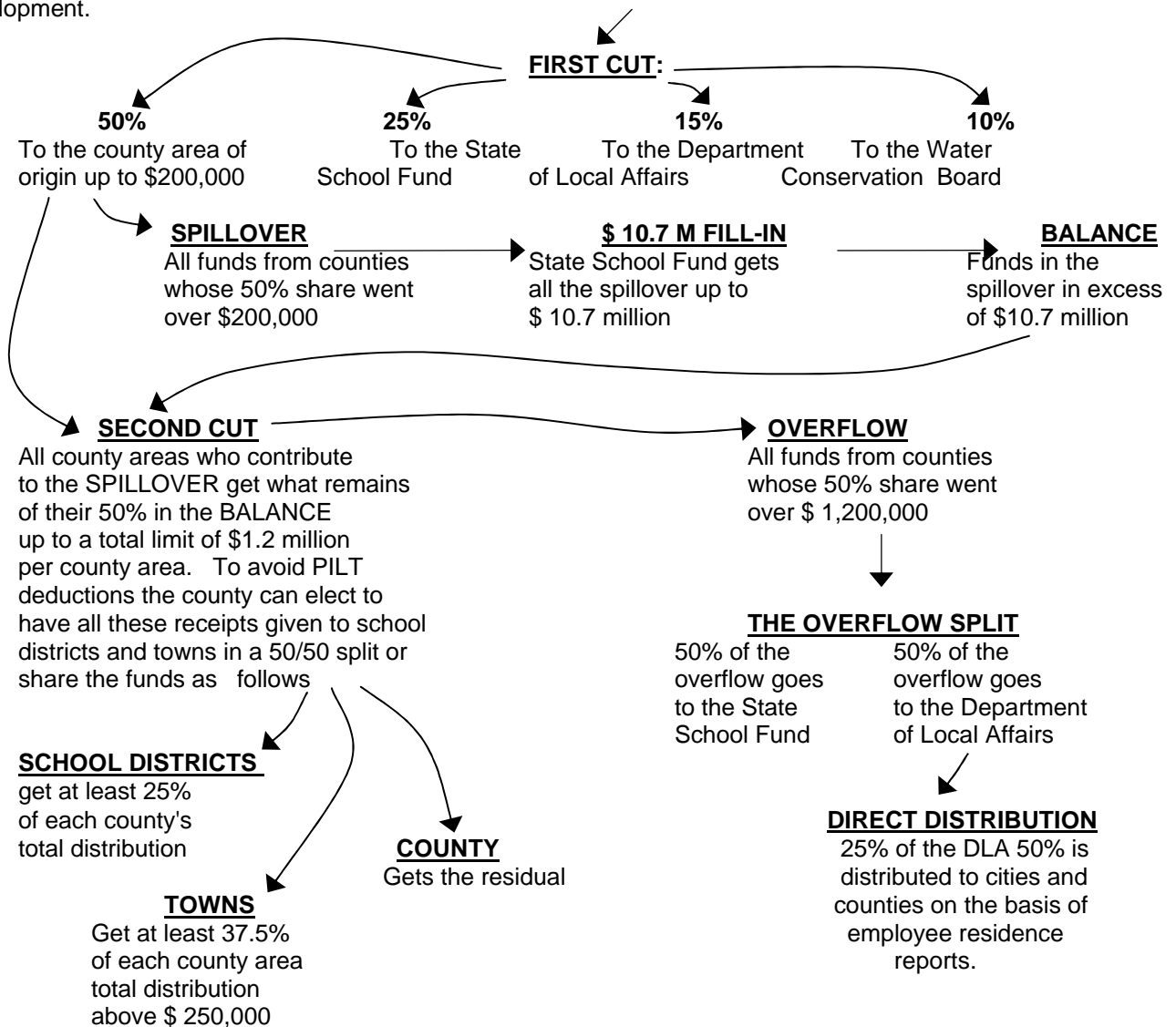
FEDERAL MINERAL LEASE DISTRIBUTION

FEDERAL MINERAL LEASING ACT

- Net of administrative charges, returns 50% of rentals and royalties from federal lands in the state of origin.
- Directs that such funds be used by the states for planning, construction and maintenance of public facilities and services in areas of the state socially and economically impacted by mineral development.

COLORADO MINERAL LEASING FUND

- Colorado statute (CRS 34-63-102) directs that in the distribution of these funds priority shall be given to school districts and political subdivisions socially or economically impacted by the development or processing of the federal minerals.
- Distributes the amounts originating in each county as reported by the Federal government under the following "cascade" type of formula:



Description of the calculation of the Federal Mineral Lease cascade distribution under C.R.S 34-63.

First Cut:

Every quarter the State Treasurer totals up the receipts from the federal government, including interest earnings, which have been identified by county of origin.

25 percent of these receipts are transferred to the State School Fund in the state's Department of Education, 10 percent to the Colorado Water Conservation Board in the state's Department of Natural Resources, and 25% to the Local Government Mineral Lease Fund in the state's Department of Local Affairs. The remaining 50% is then calculated for each county and an amount up to \$200,000 is prepared for distribution.

Spillover:

Any amounts over \$200,000 in each county is pooled in a "spillover" calculation which is distributed to the State School Fund until the total in this "spillover" calculation reached \$10.7 million.

Second Cut:

Once the \$10.7 million spillover requirement is fulfilled, any funds left in those counties which had reached the \$200,000 threshold on their distributions in the first cut are set aside for the county up to a second threshold of \$1.2 million.

This county allocation is then divided up into three portions: one for the school districts in the county, one for towns in the county and the remainder for the county government. The percent distributed to school districts and towns is set by statute at a minimum of 25% and can be increased by the county commissioners out of the portion that would have otherwise gone to them. Similarly, the portion to towns is set as at least 37.5% of the amount of the county allocation above \$250,000. Again, this percent can be increased by the county commissioners out of the share that would have otherwise gone to them.

The resulting payments to school districts are then split among school districts in a county on the basis of reported enrollment. The resulting payments to towns within a county are distributed proportional to population within towns.

PILT Offset: (obsolete)

A provision is made in the statute C.R.S. 34-63-102(3)(c)(II) for the diversion of the county commissioners share of the federal mineral lease payment to school districts and towns in order, it was assumed, to increase in like amount the payments of the federal BLM PILT (Payments In Lieu of Taxes) program to the county. Experience has shown that the increase in BLM PILT payments falls short of the amount diverted. As a result, this option is no longer being used.

Overflow:

After the county allocations in the Second Cut have been fulfilled, there can remain funds above \$1.2 million in some counties, which funds are allocated to the "Overflow". The Overflow is split evenly between the State School Fund and the local government grant fund in the Department of Local Affairs.

Direct Distribution:

Finally, statute instructs that 25% pf the Overflow distributed to the local government grant program in the Department of Local Affairs shall be distributed to the towns and counties on the basis of the taxpayer employee residence reports. In practice the reports provided under the severance tax statute C.R.S. 39-29-110(1)(d)(1) are used for this distribution.

DISTRIBUTION OF FEDERAL MINERAL LEASE RECEIPTS TO THE STATE OF COLORADO

Calendar Year	2001	2002	2003	2004	2005
Total Colorado Receipts	\$64,583,766	\$41,797,845	\$62,841,190	\$89,860,158	\$114,791,773
from Oil and Gas	\$29,046,563	\$15,074,411	\$29,805,841	\$46,106,713	\$68,203,036
from Coal	\$17,770,850	\$16,459,014	\$11,038,680	\$20,642,753	\$18,222,512
from Other Production	\$6,195,797	\$2,743,600	\$7,772,371	\$8,178,139	\$10,463,931
from Bonus & Rents	\$11,570,557	\$7,520,819	\$14,224,297	\$14,932,553	\$17,902,294
Distribution					
Counties	\$5,378,931	\$4,005,099	\$5,246,746	\$5,595,223	\$6,158,485
School Districts	\$3,095,017	\$2,103,826	\$3,044,457	\$3,391,473	\$3,724,617
Towns	\$3,053,696	\$1,959,186	\$2,914,985	\$3,401,548	\$3,815,160
Colo Water Cons Bd	\$6,458,434	\$4,156,885	\$6,307,167	\$8,986,021	\$11,479,169
State School Fund	\$31,878,061	\$22,214,867	\$31,167,501	\$44,085,957	\$55,896,755
DoLA Grant Program	\$13,461,633	\$7,077,318	\$12,985,438	\$21,669,710	\$29,592,878
DoLA Direct Distribution	\$1,257,994	\$280,663	\$1,174,896	\$2,730,226	\$4,124,708

	CY2005 FEDERAL MINERAL LEASE DISTRIBUTION	FIRST CUT: COUNTY ALLOCATION UP TO 200K	STATE SCHOOLS 25%	DLA GRANT GRANT FUND 15%	CWCB 10%	SPILLOVER: FROM COUNTY 50%	FILL: \$10.7M TO SCHOOL FUND	SECOND CUT: COUNTY Allocation UP TO \$1.2M	COUNTY DISTRIBUTION: COUNTY SHARE	SCHOOLS 50% Elect or 25%	TOWNS 50% Elect or 37.5% over \$250k	OVERFLOW:	SCHOOL FUND 50%	DLA GRANTS 50%	STATE SCHOOL FUND TOTAL	DEPT LOCAL AFFAIRS TOTAL	DoLA Direct Distribution 12.5% of Overflow
FIPS	CY2005Q4 UNIDENTIFIED																
001	1 ADAMS	527	264	158	105	0	0	527	395	132	0	0	0	0	264	158	0
003	2 ALAMOSA	186	93	56	37	0	0	186	140	47	0	0	0	0	93	56	0
005	3 ARAPAHOE	244	122	73	49	0	0	244	183	61	0	0	0	0	122	73	0
007	4 ARCHULETA	55,379	27,690	16,614	11,076	0	0	55,379	41,535	13,845	0	0	0	0	27,690	16,614	0
009	5 BACA	8,408	4,204	2,522	1,682	0	0	8,408	6,306	2,102	0	0	0	0	4,204	2,522	0
011	6 BENT	7,779	3,889	2,334	1,556	0	0	7,779	5,834	1,945	0	0	0	0	3,889	2,334	0
013	7 BOULDER	2	1	1	0	0	0	2	1	0	0	0	0	0	1	1	0
014	8 BROOMFIELD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
015	9 CHAFFEE	34	17	10	7	0	0	34	26	9	0	0	0	0	17	10	0
017	10 CHEYENNE	7,148	3,574	2,144	1,430	0	0	7,148	5,361	1,787	0	0	0	0	3,574	2,144	0
019	11 CLEAR CREEK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
021	12 CONEJOS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
023	13 COSTILLA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
025	14 CROWLEY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
027	15 CUSTER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
029	16 DELTA	200,000	1,150,693	690,416	460,277	2,101,387	416,993	1,200,000	543,750	300,000	356,250	684,394	342,197	342,197	1,909,883	1,032,613	85,549
031	17 DENVER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
033	18 DOLORES	200,000	274,116	164,470	109,647	348,233	69,102	479,131	273,424	119,783	85,924	0	0	0	343,219	164,470	0
035	19 DOUGLAS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
037	20 EAGLE	5,056	2,528	1,517	1,011	0	0	5,056	3,792	1,264	0	0	0	0	2,528	1,517	0
039	21 ELBERT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
041	22 EL PASO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
043	23 FREMONT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
045	24 GARFIELD	200,000	6,738,097	4,042,858	2,695,239	13,276,195	2,634,488	1,200,000	543,750	300,000	356,250	9,641,707	4,820,854	4,820,854	14,193,439	8,863,712	1,205,213
047	25 GILPIN	69	34	21	14	0	0	69	52	17	0	0	0	0	34	21	0
049	26 GRAND	169	85	51	34	0	0	169	127	42	0	0	0	0	85	51	0
051	27 GUNNISON	200,000	1,651,350	990,810	660,540	3,102,699	615,690	1,200,000	543,750	300,000	356,250	1,487,009	743,505	743,505	3,010,544	1,734,314	185,876
053	28 HINSDALE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
055	29 HUERFANO	124,854	62,427	37,456	24,971	0	0	124,854	93,641	31,214	0	0	0	0	62,427	37,456	0
057	30 JACKSON	122,590	61,295	36,777	24,518	0	0	122,590	91,942	30,647	0	0	0	0	61,295	36,777	0
059	31 JEFFERSON	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
061	32 KIOWA	11,824	5,912	3,547	2,365	0	0	11,824	8,868	2,956	0	0	0	0	5,912	3,547	0
063	33 KIT CARSON	478	239	144	96	0	0	478	359	120	0	0	0	0	239	144	0
065	34 LAKE	65	33	20	13	0	0	65	49	16	0	0	0	0	33	20	0
067	35 LA PLATA	200,000	1,084,922	650,953	433,969	1,969,844	390,890	1,200,000	0	600,000	600,000	578,955	289,477	289,477	1,765,289	940,431	72,369
069	36 LARIMER	2,103	1,051	631	421	0	0	2,103	1,577	526	0	0	0	0	1,051	631	0
071	37 LAS ANIMAS	200,000	314,892	188,935	125,957	429,784	85,285	544,499	297,937	136,125	110,437	0	0	0	400,177	188,935	0
073	38 LINCOLN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
075	39 LOGAN	4,540	2,270	1,362	908	0	0	4,540	3,405	1,135	0	0	0	0	2,270	1,362	0
077	40 MESA	200,000	853,734	512,240	341,494	1,507,468	299,137	1,200,000	543,750	300,000	356,250	208,331	104,165	104,165	1,257,037	616,406	26,041
079	41 MINERAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
081	42 MOFFAT	200,000	4,917,674	2,950,605	1,967,070	9,635,349	1,912,009	1,200,000	543,750	300,000	356,250	6,723,340	3,361,670	3,361,670	10,191,353	6,312,274	840,417
083	43 MONTEZUMA	200,000	2,848,925	1,709,355	1,139,570	5,497,850	1,090,977	1,200,000	543,750	300,000	356,250	3,406,873	1,703,437	1,703,437	5,643,338	3,412,792	425,859
085	44 MONTROSE	200,000	193,886	116,331	77,554	187,771	37,261	350,511	225,191	87,628	37,691	0	0	0	231,146	116,331	0
087	45 MORGAN	5,235	2,617	1,570	1,047	0	0	5,235	3,926	1,309	0	0	0	0	2,617	1,570	0
089	46 OTERO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
091	47 OURAY	35	18	11	7	0	0	35	26	9	0	0	0	0	18	11	0
093	48 PARK	98,188	49,094	29,456	19,638	0	0	98,188	73,641	24,547	0	0	0	0	49,094	29,456	0
095	49 PHILLIPS	1,207	603	362	241	0	0	1,207	905	302	0	0	0	0	603	362	0
097	50 PITKIN	21,681	10,841	6,504	4,336	0	0	21,681	16,261	5,420	0	0	0	0	10,841	6,504	0
099	51 PROWERS	918	459	275	184	0	0	918	689	230	0	0	0	0	459	275	0
101	52 PUEBLO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
103	53 RIO BLANCO	200,000	6,048,376	3,629,025	2,419,350	11,896,751	2,360,755	1,200,000	543,750	300,000	356,250	8,535,996	4,267,998	4,267,998	12,677,129	7,897,024	1,067,000
105	54 RIO GRANDE	5,160	2,580	1,548	1,032	0	0	5,160	3,870	1,290	0	0	0	0	2,580	1,548	0
107	55 ROUTT	200,000	286,960	172,176	114,784	373,920	74,199	499,720	281,145	124,930	93,645	0	0	0	361,159	172,176	0
109	56 SAGUACHE	421	211	126	84	0	0	421	316	105	0	0	0	0	211	126	0
111	57 SAN JUAN	147	74	44	29	0	0	147	110	37	0	0	0	0	74	44	0
113	58 SAN MIGUEL	200,000	1,803,585	1,082,151	721,434	3,407,170	676,108	1,200,000	543,750	300,000	356,250	1,731,062	865,531	865,531	3,345,225	1,947,682	216,383
115	59 SEDGWICK	1,546	773	464	309	0	0	1,546	1,159	386	0	0	0	0	773	464	0
117	60 SUMMIT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
119	61 TELLER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
121	62 WASHINGTON	12,603	6,302	3,781	2,521	0	0	12,603	9,452	3,151	0	0	0	0	6,302	3,781	0
123	63 WELD	200,000	193,494	116,096	77,398	186,988	37,105	349,883	224,956	87,471	37,456	0	0	0	230,599	116,096	0
125	64 YUMA	175,837	87,918	52,751	35,167	0	0	175,837	131,878	43,959	0	0	0	0	87,918	52,751	0
08	TOTAL	3,474,434	28,697,922	17,218,753	11,479,169	53,921,410	10,700,000	13,698,177	6,158,479	3,724,544	3,815,154	32,997,667	16,498,833	16,498,833	55,896,755	33,717,587	4,124,708